

Fiscal Note

Fiscal Services Division



SF 396 – Government Efficiency (LSB 1864SV)
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Fiscal Note Version – New

Description

Senate File 396 makes numerous changes to the operation of state government agencies. The changes by division include:

Division I - Office of Information Technology

- Establishes the Office of Information Technology as an independently operated entity within the Department of Administrative Services (DAS). Requires the DAS to continue providing administrative support services for the Office.
- Exempts Information Technology (IT) employees from collective bargaining provisions under [Iowa Code chapter 20](#).
- Provides the Chief Information Officer (CIO) of the Office of Information Technology additional control over the management of IT staff employed by other state agencies, including how the other agency IT employees are assigned relative to IT services and the approval of employment decisions of IT employees of other state agencies. This Bill requires the CIO to work in consultation with the participating agencies concerning management and employment decisions of IT staff.
- Requires IT for use by other state agencies and entities to be approved by the Office of Information Technology.
- Requires agencies to provide necessary information to the office concerning IT inventories, operational requirements, and security functions.
- The Board of Regents and the Regents institutions are exempt from the IT consolidation initiative.

Division II – Phased Retirement: Amends the voluntary employee Phased Retirement Program administered by the DAS. The changes eliminate the 10.0% salary premium requirement that is paid to employees newly enrolled in the program. Allows employees currently enrolled in the program as of the effective date this Bill to maintain their current benefits of the program.

Division III – Human Resources Consolidation: Requires the DAS to develop and implement a plan to centralize all human resource management functions within the department, and requires all state agencies, except the Board of Regents, to cooperate with the DAS consolidation efforts.

Division IV – State Physical Resources: Requires the DAS to complete a needs analysis of state employee work stations and office standards by September 30, 2013, and submit the findings to the Capitol Planning Commission and the Legislative Fiscal Committee by October 30, 2013.

Division V – Audits: Prohibits the Auditor of State from collecting a filing fee for audit work from community mental health centers, substance abuse programs, and community action agencies. This language conforms to current practice as the Auditor does not currently collect fees from these organizations.

Division VI – Electronic Communications:

- Amends the confidential public records statute to include email addresses of individuals collected by state agencies for the sole purpose of disseminating routine information through electronic communications not prepared for a specific recipient.
- Requires state agencies to distribute notices and information electronically to the fullest extent possible. This requirement does not apply to notices concerning legal action or requirements relating to compliance with federal law.

Division VII – State Records: Repeals the State Records Commission and transfers the responsibilities to the Department of Cultural Affairs. This Division also allows the department to establish rates and bill other agencies for the cost of records storage.

Division VIII – Public Health: Eliminates several boards under the purview of the Department of Public Health and consolidates responsibilities with other boards and committees.

Division IX – Public Safety Peace Officers Retirement System (PORS) Public Health:

Recalculates a PORS disability retirement benefit for a beneficiary less than 55 years of age. This Bill provides that a beneficiary shall have disability retirement benefits reduced equal to the difference in income the beneficiary is receiving from other work and two and one-half times the amount of the current earnable compensation of an active member of PORS at the same position on the salary scale as the beneficiary less the net retirement allowance.

Division X – State Debt Coordinator: Requires the Department of Revenue to develop proposals to make the Office of State Debt Coordinator more efficient and submit a report of the recommendations to the Department of Management, the Governor, and the General Assembly by January 13, 2014.

Division XI – Ongoing Program Review: Requires the State Government Efficiency Review Committee to regularly review programs administered by the state to determine if programs are meeting the needs as designed and whether or not the programs could be modified to be more efficient.

Division XII – Boards and Commissions: Repeals the Farm-to-School Council that was originally created to establish partnerships with public agencies and nonprofit organizations to facilitate communication between farmers and schools.

Division XIII – Obsolete Provisions: Repeals obsolete language pertaining to the Farmworks National Demonstration Project, the World Trade Center, and the Midwest Nuclear Compact.

Fiscal Impact

Summary: Of the divisions of this Bill where a fiscal impact can be determined, state costs will be reduced by approximately \$1.8 million to \$3.4 million annually after certain human resources (HR) consolidation measures are fully implemented in FY 2016. The cost savings will impact multiple state funding sources. Additional cost savings are anticipated due to the provisions of this Bill relating to IT consolidation; however, an estimate cannot be determined at this time.

Impact by Division:

Division I: An estimate of the savings directly related to the IT consolidation cannot be determined at this time. The creation of the Office of Information Technology together with the expanded authority of the Office is anticipated to expedite the consolidation of IT services of Executive Branch agencies. As a result, the DAS has indicated that the IT consolidation efforts, once fully implemented, will result in significant savings to the state. Much of the savings will be achieved by reducing duplicated services and enabling unified IT investment decisions for the Executive Branch. Additionally, the savings are dependent on an up-front investment of IT

infrastructure to enable more efficient processes related to IT usage to be implemented with fewer employees.

Division II: The changes to the voluntary Phased Retirement Program are estimated to result in a cost avoidance of \$9,000 to \$27,000 annually to the state. The funding sources impacted by this provision will depend on the fund from which future participants' salaries are paid.

Division III: The consolidation of HR management services is estimated to reduce HR costs by \$3.4 million annually when fully implemented. Approximately \$1.6 million of this savings is contingent on efficiencies associated with the state purchasing and making operational a new Human Resources Management System (HRMS). The savings will begin to be realized in approximately two years. A portion of the expenditure reductions will likely be offset if state agencies decide to reassign employees that currently spend only a portion of their time performing HR work to other areas within the agencies.

Division IV: The DAS has indicated they may need to hire a consultant at an estimated cost of \$10,000 to complete the state employee work station analysis.

Division VII: The changes to the state records provisions allows the Department of Cultural Affairs (DCA) to establish rates and bill other state agencies for services provided by the DCA for retaining and archiving records. The cost cannot be determined at this time due to insufficient information.

Division IX: Increasing the salary cap from 1.5 to 2.5 times the amount of the current earnable compensation of an active member of PORS for beneficiaries receiving disability benefits through the PORS Fund could cost the fund an estimated \$23,700 per year.

The remaining divisions of SF 396 will have no or little fiscal impact.

Sources

Department of Administrative Services
Department of Cultural Affairs
Department of Revenue
Department of Public Health

/s/ Holly M. Lyons

March 26, 2013

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
